Office of Economic Development Accountability Report for Fiscal Year 2003-2004

November 24 , 2004

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Accountability Statement

The accountability report for the Office of Economic Development (OED) for the year ended March 31, 2004, is prepared pursuant to the *Provincial Financial Act* and government policy and guidelines. These authorities require the reporting of outcomes against the OED business plan information for the fiscal year 2003-2004. The reporting of OED outcomes necessarily includes estimates, judgments and opinions by OED management.

We acknowledge that this accountability report is the responsibility of department management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the business plan for the year.

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Ernest L. Fage
Minister

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Paul Taylor
Chief Executive Officer

Message from the Minister

I am pleased to present the Accountability Report for the Office of Economic Development (OED). This report reflects the department's efforts to achieve the priorities outlined in the 2003-2004 Business Plans.

The Office of Economic Development has been working diligently with our partners to achieve our goals in an efficient and effective manner so that we are accountable to the people of Nova Scotia.

Introduction

This report covers the period from April 1, 2003 to March 31, 2004. It reflects the organizational goals, priorities and performance measures outlined in OED's 2003-2004 business plan. It also includes a report on Procurement's progress against their stated goals, priorities and performance measures. (An Order-in-Council reassigned procurement responsibilities from the Department of Transportation and Public Works to OED in August of 2003.)

The following table provides a general outline of the formation of OED.

Event	Time
Release of *Opportunities for Prosperity*	October 2000
Launch of NSED & NSBI	April 2001
Merger of NSED & TSS to form OED	March 2002
Restructuring and Staffing of OED Complete	Fall 2002
Procurement Division Added to OED	August, 2003

Department Progress and Accomplishments

Core Business Area: Leadership and Coordination

Priority 1: *System Coordination - Support the meetings which bring together key players in the economic development, innovation, and technology systems.*

2003-2004 Accomplishment:
OED has continued to conduct regular meetings with the heads of the economic development Crown corporations and the Federal Economic Development Coordinating Committee with Deputy Ministers (FEDC-DM) . In addition, regular economic development meetings with key provincial government departments were initiated this year, as were CEO presentations to key provincial government departments. OED continues to advance the innovation agenda through support of the Premier's Council on Innovation, and the IT/IM group has continued their role in support of the Business and Technology Advisory Committee (BTAC).

All of this work is designed to identify and address shared priorities through collaborative efforts. Products of these efforts include working with the Department of Natural Resources and NSBI on the Mining Matters conference; the development of the *Innovative Nova Scotia - An Innovation Policy for Nova Scotia*; and the development of a strategy to enable web-based access to government services for department employees, citizens.

Priority 2: *OED Role definition and development - Work with OED staff and with the OED*

implementation agencies to broaden the understanding of OED's new role.

2003-2004 Accomplishment:
In 2003-2004, the focus of OED's role definition and explanation was in relation to the economic development mandate. That involved the creation of key messages that were delivered to other provincial government departments involved in economic development activities, and joint meetings with NSBI and InNovaCorp. The principal outcome was a closer working relationship at the staff level between the economic development agencies and OED as evidenced by the initiation of several joint research and development projects such as the Business Expansion and Retention Project with NSBI and the Greater Halifax Partnership.

Priority 3: *Opportunities for Prosperity Oversight - Produce the 2003 annual review of progress and re-visit and validate OfP for 2004-2005.*

2003-2004 Accomplishments:
The *Opportunities for Prosperity: A Progress Report* was released in May of 2003. It is available on the Internet at http://www.gov.ns.ca/econ/publications.asp/.

Priority 4: *SAP Public Sector strategy - Oversee the strategy for the implementation of SAP, the province's Enterprise Resource Planning tool, within the public sector.*
2003-2004 Accomplishments:

- Provided leadership and direction which produced a Corporate Portal Strategy which will enable web-based access to government services for department employees and citizens.
- Directed the development of a recommended Governance Framework for the SAP Public Sector Program. This structure will facilitate a collaborative approach among all of the provincial public sectors to prioritize SAP projects which will deliver the most significant Return on Investment while enabling easier access to government services for citizens.
- Performed an opportunity assessment on the primary SAP division known as the Customer Competency Center within the Department of Finance. This assessment delivered recommendations which will permit the evolving service entity to continue to deliver the significant benefits being realized by the provinces investment in SAP.
- Conducted an investigation into the suitability of implementing SAP Treasury for grants management throughout the Province.
- Developed an evaluation framework through consultation with key stakeholders. This framework addresses the government's need for an increased emphasis on monitoring and reporting program accountability outcomes. The framework sets out a plan for the future evaluation of the program is to demonstrate its contribution to productive sustainable government.

Completed development work for the implementation of the SAP HR/Payroll functionality in the provincial government and school boards (Project eMerge):

- Formal kickoff, May 2004

- Completed analysis and documentation of business requirements for both sectors. Resulting in a 1500 page blueprint for the two systems
- Began development of the systems, based upon Blueprint requirements

Core Business Area: Business Climate

Priority 1: *Improve the general business climate - Complete the annual update of the Business Climate Index and analyze the results to identify action opportunities.*

2003-2004 Accomplishment:
The 2003 Nova Scotia Business Climate Index was released in December of 2003. Nova Scotia's business climate continues to rank 1st in Atlantic Canada and 4th in Canada. The action priorities are: Immigration, Electricity Cost Index, Venture Capital/Business Loans, and Personal Income Tax/Corporate Tax. Each priority has an action plan associated with it. The Business Climate Index document and action plans are available online at http://www.gov.ns.ca/econ/businessclimate.

Priority 2: *Immigration - Implement the Provincial Nominee Program*

The Nova Scotia Provincial Nominee Program (NSNP) was signed with Citizenship and Immigration Canada (CIC) in August 2002. The program is designed to fill critical skill shortages for employers enabling them to growth their businesses and contributing to the overall viability of the business climate. Nova Scotia competes with other countries and other nominee programs across Canada to attract immigrants that possess the required skills.

2003-2004 Accomplishment:
Significant immigration marketing efforts were conducted through the year. These efforts resulted in the issuing of 57 nomination certificates during the year.

Core Business Area: Technology & Information Management

Priority 1: *Information Management Framework - Develop a corporate Information Management Strategy and Framework for Government-held information. Phase 1 of the multi-phased project is expected to be completed during fiscal year 2003-2004.*

2003-2004 Accomplishment:
- Website Privacy Policy and Statement Initiative - Completed consultation, feedback and review phases - including a detailed legal and FOIPOP review. Delivered awareness sessions and developed a comprehensive "self-training" website in support of the policy implementation.
- Policy for the Distribution and Sale of Information Held in Provincial Databases - Completed the consultation, feedback, and review phases - including a legal review.
- Wide Area Network (WAN) Security Policy Initiative - In partnership with TPW, established a position for a WAN Security Authority (new position in Government).

- Authentication Policy Framework - Completed development of the framework.
- Information Management (IM) Forum - Created a corporate IM forum as a formal body in the governments governance structure.
- FileNet Document Management Initiative - Pilot project evaluations were completed and a recommendation report developed.
- OED STOR Development Project - Completed a functional analysis of OED and began drafting OED's STOR.
- Instant Messaging Moratorium - Established a moratorium on the use of instant messaging in an effort to lessen government's exposure to potential security risks while developing a managed response to this relatively new technology.

Priority 2: *E-government Framework Strategy development process - Develop a strategy and recommendations for implementing a framework supporting the deployment of e-government services.*

2003-2004 Accomplishment:
Components of the e-government framework are being addressed through several different initiatives. The Information Management Framework, the Information Technology Device Delivery Project, and the Information Technology Service Delivery Project are all components of the e-government framework that are currently in the development stage. The Corporate Portal Strategy, which is in the implementation stage, is also a key component of the e-government framework.

Priority 3: *Data Center Services Project - Facilitate the process for implementation of a replacement contract for Government of Nova Scotia Data Centre services by September, 2003.*

2003-2004 Accomplishment:
The project included extensive consultation with government departments and with potential vendors in order to recommend to government how to replace the Data Centre Services contract. Based on this work the government has now initiated the IT Service Delivery project, a three-year project to examine all areas of government information technology operations, of which data centre services are only a part. This is intended to identify areas in which to improve efficiency, reduce cost, and meet the changing demands for technology services in the public sector. This project will result in a long-term contract or contracts for data centre services, slated for full implementation in early 2007. The current data centre processing contract, provided by an outside party, will remain in place until that time.

Core Business Area: Innovation

Priority 1: *Implementation of the Innovative Nova Scotia policy/strategic direction - Launch Innovative Nova Scotia publicly to provide emphasis and coordinated direction for the Province of Nova Scotia innovation activity.*

2003-2004 Accomplishment:
In late June 2003 the Innovative Nova Scotia policy was released and the Premier's Advisory Council on Innovation was launched. Chaired by Dr. Kelvin Ogilvie, the Council has a mandate to "provide independent advice and direction to Government to help maximize the potential economic and social benefits enhanced innovation and technology offers to Nova Scotians".

Core Business Area: Regional Capacity

Priority 1: *Community Development Policy - Finalize and implement the Community Development Policy, begun in 2002-2003. Develop an action plan and initiate implementation.*

2003-2004 Accomplishment:

- Conducted community consultations and meetings with key interest groups across the province in Fall 2003 to give communities an opportunity to provide input into the Community Development Policy.
- Developed a Draft Community Development Policy, Draft Community Development Lens and Draft Community Development Action Plan.
- Gathered input on the Community Development Policy and support documents through meetings with the management teams in a variety of provincial departmental.
- Developed linkages with the Sustainable Communities Initiative.

Priority 2: *Regional development planning - Create and implement regional development strategies with partners and support regional development organizations, particularly in communities in transition.*

2003-2004 Accomplishment:

- Continued to work with Team Guysborough in efforts to diversify the Canso economic base. Small 35 person Customer Contact Centre opened in Canso. Activity expanded to include Eastern Guysborough County through engagement with the Eastern Guysborough Development Association.
- Completed assessment of rural development issues and trends based on Business Plans of the Regional Development Authorities.
- Initiated, in conjunction with ACOA, a macroeconomic analysis of development opportunities for the Region of Queens Municipality. This analysis should identify provincial rural trends that will form the basis for specific actions that can be applied province wide.

"Strengthen Relationships with partners...."

- Launched Credit Union Loan Guarantee Program to fill identified gap in business financing available to small business.
- Secured multi-year funding for the N.S. Association of RDAs jointly with ACOA
- Initiated formal engagement of senior municipal staff on RDA evaluations and mid-year performance reviews.

- Collaboration with Ag.& Fish and the N.S. Liquor Corp. on a new Farm Winery Policy to encourage diversification of existing farms and to encourage the expansion of the industry in support of an enhanced tourism product.
- Expanded Can/N.S. Business Service Centre rural network to include new sites in Shelburne and Kespuwick Park (Cornwallis)

Core Business Area: Procurement **(from the Transportation and Public Works business plan)**

Priority 1: *Develop an electronic procurement (e-procurement) action plan, for the prioritization and implementation of e-procurement projects considered essential and critical to the procurement function within government as well as for the MASH (municipalities, academic, schools and hospitals) sector.*

2003-2004 Accomplishment:
An e-procurement action plan that identifies priority areas was developed. The plan is early in the implementation stage. Successful implementation of the plan will require collaboration with the Department of Finance.

Development of the Tender Opportunities Notification Service (TONS), a component of e-procurement, is nearing completion. This system will electronically notify Nova Scotia businesses of tender opportunities in their field(s) of specialization. Implemented with the participation of the Nova Scotia Business Registry, the system is expected to be operational in October 2004.

Financial

	Authority 2003-2004 ($ millions)	Actual 2003-2004 ($ millions)
Total Program Expenses - Gross Current	$37.6	$44.4
Net Program Expenses - Net of Recoveries	$30.9	$36.7
Salaries and Benefits (Gross)	$52.8	$46.3
Funded Staff (FTEs) (Net)	74.8	66.1

Outcomes Measures

This section reports on each of the department's measures highlighted in the 2003-04 Business Plan.

Core Business Area: Leadership and Coordination

Outcome: A well coordinated economic development, innovation, and technology support system
Measure: Participant satisfaction

Introduction to the core business area and intended outcome:

OED is positioned as the hub of the economic development, innovation and technology agendas for the province. That role involves extensive collaboration with other entities in the system.

What does the Measure tell us?
Our effectiveness as the hub is largely determined by our ability to add value to the partners with whom we collaborate. The client satisfaction survey is an indication of how effective we have been in our role.

Where are we now?
In February 2004, the Office of Economic Development conducted a survey of core clients. The core clients were defined as individuals in regular contact with OED staff. This group included individuals working with the provincial and federal governments, government agencies, professional associations and business. Overall, respondents believed they had a strong sense of the role of the Office of Economic Development and the work being conducted. Generally, they rated the quality of that work highly. A large majority of respondents saw OED as a leader, collaborator, partner, funder, relationship builder and facilitator. In addition, most respondents felt these were important roles for OED to play.

Where do we want to be in the future?
There are two key objectives. First, we want to expand and reinforce the network that includes OED and its core clients. Second, we want to sustain and possibly improve the client satisfaction results of that expanded network.

Outcome: Implementation of *Opportunities for Prosperity*
Measure: Annual Progress Report

Introduction to the core business area and intended outcome:
Opportunities for Prosperity - Nova Scotia's economic growth strategy - was launched in October, 2000.

What does the Measure tell us?

The report outlines progress in specific areas addressed in *Opportunities for Prosperity*. The existence of the report tells us that *Opportunities for Prosperity* continues to be the strategy guiding economic development in the province and that we are tracking progress against the directions identified in that document.

Where are we now?
Opportunities for Prosperity - A Progress Report was released in May, 2003.

Where do we want to be in the future?
We will continue to implement the strategy and will continue to adjust the approach based on changes in the economic landscape. The evolving progress and tactics will be outlined in a progress report to be published in 2005.

Outcome: Leverage Government Investment
Measure: Savings achieved through economies of scale

Introduction to the core business area and intended outcome:
There are proven benefits associated with the use of a single integrated computer application to support operations. Efficiency and effectiveness are the two key benefit components. Efficiency is about savings time and/or money.

What does the Measure tell us?
The measure (yet to be quantified) tracks the time and money savings achieved as a result of a single integrated computer application.

Where are we now?
We are still in the process of establishing a single integrated platform for government operations. There has been some quantification of benefits, but total savings have not been quantified.

Where do we want to be in the future?
We want to continue to progress toward the goal of a single integrated. As we progress toward that goal, we want to ensure that we target and track quantifiable operating benefits.

Core Business Area: Business Climate

Outcome: Most Competitive business climate in Atlantic Canada
Measure: Business Climate Index

Introduction to the core business area and intended outcome:
Improving the business climate of Nova Scotia was the number one issue identified by the Red Tape Reduction Task Force and the *Opportunities for Prosperity* consultation process. To measure the business climate, OED produced the first Business Climate Index (BCI) in June 2002. It measures Nova Scotia's business climate and compares it with other provinces and provides a roadmap for building a more competitive business climate.

In 2002-03, OED developed an updated version of the BCI using newer data. It assesses the general business climate level across 53 indicators and then ranks the province on each of these relative to other provinces. Details of the index, its components and methodology are available at http://www.gov.ns.ca/econ/businessclimate. The third BCI will soon be released and work has begun on the fourth edition.

What does the Measure tell us?
Data compiled for the index helps pinpoint areas where Nova Scotia needs to improve. Each year action plans are developed to strengthen weaker areas.

Where are we now?
The BCI demonstrates that Nova Scotia has the most competitive business climate in Atlantic Canada. For the second year, using newer data, Nova Scotia maintains this ranking.

Where do we want to be in the future?
Nova Scotia's challenge is to maintain the best business climate in Atlantic Canada, improve our national ranking and close the gap separating the province from the leaders in the area.

Outcome: Most Competitive business climate in Atlantic Canada
Measure: Number of nominee certificates issued through the Nova Scotia Nominee Program (NSNP)

Introduction to the core business area and intended outcome:
Our business climate can be improved through targeted immigration efforts. The NSNP supports this core business area by filling critical skills shortages for NS employers, enabling them to grow their businesses and contributing to the overall viability of the business climate. In addition to developing the labour market, immigrants in NSNP also bring social and cultural contributions to their communities. NSNP Nominees bring much needed financial contributions to small business as well as innovative new ideas that contribute to increased productivity.

What does the Measure tell us?
The number of certificates is an indication of the number of immigrants attracted to Nova Scotia.

Where are we now?
Approximately 57 nominee certificates were issued between April 1, 2003 and March 31, 2004. (This is an approximate because the numbers are tracked using the calendar year.)

Where do we want to be in the future?
The short-term target is to double the number of certificates (approximately 114) for the 2004 calendar year. The long-term target is to issue 200 certificates per year. Achieving that target will require additional resources.

Core Business Area: Technology and Information Management

Outcome: Enhanced effectiveness and efficiency of government operations supported by cost effective and innovative use of information technology

Measure: Government Data Services contract - Savings new versus existing contract

Introduction to the core business area and intended outcome:
OED and TPW shared responsibility for the Government Data Services contract and worked together on the project. The objective was to achieve cost savings by combining government data services into a single contract. That mandate has since been expanded to involve the development of a provincial government strategy for IT service delivery - the ITSD project.

What does the Measure tell us?
N/A

Where are we now?
New measures will be developed as part of the strategy developed through the ITSD project.

Outcome: Enhanced effectiveness and efficiency of government operations supported by cost effective and innovative use of information technology

Measure:
- Reduction of number of steps and time required to complete a business process
- Reduction of number of processes through standardization

Introduction to the core business area and intended outcome:
There are proven benefits associated with the use of a single integrated computer application to support operations. Efficiency and effectiveness are the two key benefit components. Efficiency is about savings time and/or money.

What does the Measure tell us?
- A reduction in the number of steps to complete a business process is an indicator of improved efficiency i.e. time saving.
- If the number of processes is reduced by standardizing on a more efficient process, the savings will be multiplied and have a greater corporate impact.

Where are we now?
- The efficiencies identified are being made possible through the SAP implementations - which are creating the common system for government operations.
- There have been clear (as yet un-quantified) savings as a result of the implementation of SAP Financials. Human Resource and Payroll efficiencies are currently being targeted through the implementation of SAP HR/Payroll functionality (Project eMerge).

Where do we want to be in the future?
We want to have clear and quantifiable process efficiencies (time-savings).

Core Business Area: Innovation

Outcome: A more innovative Nova Scotia

Measure: Improved Nova Scotian performance, (compared with other Canadian jurisdictions), on key innovation-related statistical indicators.

Introduction to the core business area and intended outcome:
Innovation is, by its nature, a broad area which encompasses a number of issue areas, sectors and foci. Determining and evaluating innovation-related performance has been a problematic issue for all levels of government. OED is in the process of developing measures that align with national efforts. Activities currently underway at the national level by Industry Canada and other provincial/territorial jurisdictions.

What does the measure tell us?
There has been an expressed need for the development of broadly based benchmarks to permit longer term, ongoing evaluation of Nova Scotia innovative performance. Benchmarks and ongoing measurement will allow for the evaluation of the effectiveness of public sector innovation-related policy and programs.

Where are we now?
A comprehensive set of innovation focused benchmark indicators has been developed as a result of on-going efforts by federal and provincial government officials in conjunction with work undertaken by the Nova Scotia Voluntary Planning Economic Growth and Competitiveness Sector Committee. R&D spending, productivity (i.e. GDP per capita), and the number of jobs created in knowledge based industries are just some of the innovation focused benchmark indicators.

Where do we want to be in the future?
Future performance expectations will be based on objectives stemming from the analysis and assessment of finalized benchmark data.

Core Business Area: Regional Capacity

Outcome: Expanded regional capacity to support economic growth
Measure: Number of communities with community development plans

Introduction to the core business area and intended outcome:

What does the Measure tell us?
Communities must be actively involved in their own development. The number of RDAs in the province with strategic plans is an indication of how engaged the communities are in planning for

their development. The existence of a strategic plan means that the citizens, the local government, and the province have agreed upon a common direction for the community.

Where are we now?
All but two communities have strategic plans.

Where do we want to be in the future?
The target is for all communities to have strategic plans.

Outcome: Expanded regional capacity to support economic growth
Measure: Regions with stable or increasing capacity

Introduction to the core business area and intended outcome:
For our purposes, the community capacity to support economic growth is measured by the strength of RDAs in the province. ISO compliance is an indication of RDA strength.

What does the Measure tell us?
There are multiple indicators associated with the strength of the RDAs. The existence of strategic plans and business plans is an indicator, as is ISO compliance.

Where are we now?
Each region of the province has an RDA. All RDAs have business plans. In addition, all RDAs have committed to pursuing ISO compliance. (Six are in the process of becoming ISO compliant, and one RDA has already completed the process.)

Where do we want to be in the future?
We would like to maintain the 14 RDAs and ensure that all have business plans and are ISO compliant.

Outcome: Expanded regional capacity to support economic growth
Measure: Number of active public access Internet sites

Introduction to the core business area and intended outcome:
The Community Access Program, (C@P), is a federal-provincial initiative designed to create and expand affordable access to the Internet in communities across Canada. The establishment of long-term sustainable C@P sites throughout Nova Scotia represents a tangible step towards the goal of developing the community-based technology infrastructure needed to help foster economic and social growth opportunities for Nova Scotians.

What does the Measure tell us?
The number of active C@P sites provides an indication of the level of public access to the Internet currently available in Nova Scotia.

Where are we now?
Under the terms of the Industry Canada-Government of Nova Scotia Community Access Program Memorandum of Agreement, over 250 C@P sites in Nova Scotia were established. Under the terms of the new Agreement (not yet signed), initiatives focusing on specific target groups will be designed and carried out. These initiatives will involve determining a baseline number of current number of clients served. This information will serve as a benchmark to then determine how C@P sites in following years serve the needs of their clients.

Where do we want to be in the future?
As well as the long-term objective of maintaining at least 75% of Nova Scotian C@P sites, the short-term goal is first to measure the number of clients served, and then in 2005-06 to increase that number.

Core Business Area: Procurement **(from the Transportation and Public Works business plan)**

Outcome: A procurement process that is open, fair and obtains best value for government.
Measure: Publicly tendered procurement.

Introduction to the core business area and intended outcome:

What does the Measure tell us?
% of government goods, services and construction obtained through competitive bid.

Where are we now?
In FY 2003/04, 82% of transactions were procured through a competitive bid process (up 3% from previous FY).

Where do we want to be in the future?
Maintain the percentage of transactions procured through a competitive bid process.

Outcome: A procurement process that is open, fair and obtains best value for government.
Measure: Supplier response to competitive bidding process.

Introduction to the core business area and intended outcome:

What does the Measure tell us?
Average number of bids received per competition.

Where are we now?
In FY 20003/04, the average number of bids received per competition was 7.5 (up 0.3%).

Where do we want to be in the future?
Maintain an average response rate of seven bids per competition.

Outcome: A procurement process that is open, fair and obtains best value for government.

Measure: Reasonable notice of opportunities.

Introduction to the core business area and intended outcome:

What does the Measure tell us?
The measure is the average time lapse between tender availability and closing dates. It is an indication of whether the vendors have reasonable time to respond to opportunities.

Where are we now?
Average availability in FY 20003/04 was 22.9 calendar days (up 1.6 days).

Where do we want to be in the future?
Maintain a minimum average response time of 15 calendar days